

## FISCAL NOTE

### HB 2768 - SB 3000

March 1, 2004

**SUMMARY OF BILL:** Provides that the Department of Correction, with regards to a private prison contractor under the Private Prison Contracting Act, is prohibited from entering into or renewing any private prison contract which provides for payment in excess of reasonable and allowable cost or a flat rate which counties are paid for housing state inmates under the rules promulgated by the Department of Correction under the authority of the County Correctional Incentives Act.

Currently, under the Private Prison Contracting Act, the department may enter into or renew a contract with a private prison company if the cost is at least 5% less than the state's cost for essentially the same services. The Department of Correction rules provide a method for determining reasonable and allowable costs for the purpose of making payments under the County Correctional Incentives Act and allows the department to restrict payments to stay within the available funds, taking into account contractual obligations. For FY03-04, payments to counties are not to exceed \$32.00 per inmate per day except to the extent the state is obligated by the terms of a written contract to pay more than \$32.00 per day. Several counties receive compensation in excess of \$32.00 limit pursuant to the terms of a written contract.

#### **ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact - The provisions of the bill tie the compensation rate for a private prison operator to the County Correctional Incentive Act rather than the 5% less than state cost provision of the Private Prison Contracting Act. The current rate paid to the private prison operator is \$38.18 per day, which will increase to \$39.42 per day on July 1, 2004. The department rules under the County Correctional Incentive Act would allow contracting for a rate in excess of the flat rate of \$32.00 per day and the department could contract for the same rate, a lesser rate, or a greater rate currently paid the private prison company based upon reasonable and allowable cost.**

#### **CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White".

James W. White, Executive Director